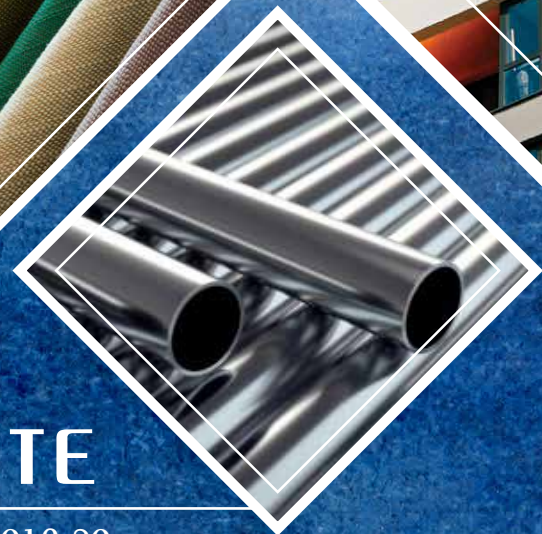
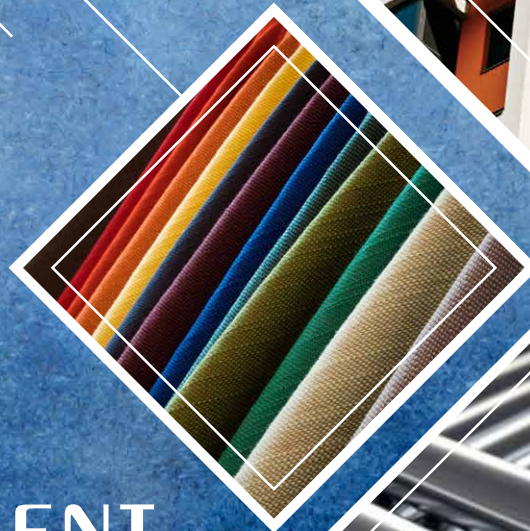




METROglobal Limited

(CIN No.: L21010MH1992PLC069527)



**RESILIENT
RELENTLESS
RESOLUTE**

ANNUAL REPORT 2019-20

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Investor information

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Disclaimer:

This document contains statements about expected future events, which are forward-looking. By their nature, forward-looking statements require the Company to make certain assumptions and are subject to inherent risks and uncertainties. Accordingly, these assumptions, may not prove to be accurate. Readers are advised that the actual future results, and events may differ from those expressed in the forward-looking statements.

RESILIENT. RELENTLESS. RESOLUTE.

RESILIENT in our **PURPOSE.**

RELENTLESS in our **APPROACH.**

RESOLUTE in our **FOCUS.**

We, at MetroGlobal Limited, are driven by sheer compassion to create more value for our stakeholders. And, to achieve this purpose, we have only grown resilient to every challenge that has come our way. Every obstruction has pushed us harder to get closer to the goal, adding to our expertise and experience. As a result, today our robust business model is constantly evolving, backed by our relentless approach of looking for newer opportunities. This is perfectly complemented by our exceptional financial acumen. Our strong resolve and grit render the never-give-up attitude that helps us focus and navigate through troubled waters, emerging victorious and stronger each time.



CHAIRMAN'S COMMUNIQUÉ



*Resilience is building
your today, for changing
your tomorrow and
relentlessness is the resolve
needed for this transition.”*



Dear Stakeholders,

It gives me immense pleasure presenting the MetroGlobal Limited Annual Report for the year 2019-20. Last year was marked by extreme economic challenges, right from countries grappling with economic crisis, the continuing US-China trade-war to volatile crude oil prices. It was a year full of challenges and unseen hurdles. These were further aggravated, almost beyond measure, by the unprecedented COVID-19 pandemic towards the year end. Life, as we knew it, changed, and today the global economy is projected to witness its worst year since the Great Depression of the 1930s. But even amidst such unusual circumstances, our Company continued playing its strengths and posted a stable financial performance. This feat was much in line with our vision to create sustainable value for our stakeholders. But even more than that, it is a testament to our Company's resilience in moving ahead with compassion and the courage to continue. It validates our relentlessness for exploring opportunities in pursuit of creating the maximum value for our stakeholders. It is the evidence of our firm resolve that helps us align our goals to excellence.

With the first half of the CY 2020 being completely dominated by the pandemic and the resultant lockdowns, the broader factors still indicate the continuation of macroeconomic troubles in 2020-21 as well.

China's crackdown on polluting industries and safety incidents in chemical parks impacted supplies of critical inputs, and MNCs have been seen redrawing their supply strategies since. In this scenario, India scaled higher to become the fifth largest economy in the world, while continuing to aspire to emerge as a US\$ 5 trillion economy and become the third largest economy in the world by CY 2024. However, all national and global growth estimates are anticipated and likely to be revised in view of the pandemic.

Performance Review

Our Company's total income for 2019-20 stood at Rs. 24,674.69 Lacs, recording a dip of 26.46% compared to the corresponding period in the previous year. Profit before Tax for 2019-20 was recorded at Rs. 1,194 Lacs, compared to Rs. 1,641 Lacs in the previous year. The Profit after Tax witnessed a subsequent dip on accordance, to have stood at Rs. 960 Lacs in 2019-20, as compared to Rs. 1,266 Lacs in 2018-19.

The dip in turnover can be attributed to the recessionary trend prevailing worldwide and the subsequent impact on our country. The declaration of COVID-19 as a pandemic by the World Health organisation (WHO) in the last quarter of financial year, caused a severe social and economic turbulence. Keeping in mind, the lower demand emanating from our clients' end, as they grapple with labour, supply chain and working capital issues, we have consciously taken a step back and curtailed our imports from the short-term perspective. Owing to uncertainties and volatilities in trade and currencies emanating from foreign trade, we have now started sourcing material locally as well, for the distribution to ensure supply and cost competitiveness. This is a bit of a divergence from the heavy imports that we traditionally relied upon. We have further utilised this 'lean' period effectively to bring about some infrastructural changes and more importantly, re-assess and re-orient our strategies going forward.

Adequate actions are being undertaken to ensure safety, health and well-being of our employees and their respective families, along with an option of working from home.

While doing our bit to remain safe and healthy, let us hope and pray that India emerges as a strong nation post this unforeseen and unfortunate pandemic. We all have a role to play and I am confident that we all will rise to the occasion to help re-build scarred society and economy pretty soon.

Going Ahead

Our Company's Management has taken cognisance of the impact of certain challenges, either continuing or growing further due to the pandemic in 2020-21, on its activities. This is likely to have a significant impact on our operations and profitability going forward. Yet, taking cue from an ages-old adage, we see our glass as half full and are optimistic about the future that beckons us. As one of the key tenets of our business, we seek opportunities even in adversities and are well equipped with the financial ammos and experience to find good sustainable businesses with an added advantage of lower costs compared to our peers. We will also keep eyeing opportunities to identify greenfield projects or acquire existing projects in the field of manufacturing. While the near-term business environment may not be highly conducive, we certainly feel there are opportunities from the medium and long-term horizons. And our resolute, backed by our resilience and relentlessness to make our stakeholders benefit in the best way possible, adds hope to our determination. This is what keeps us going and we are sure we will ride this wave of uncertainty with confidence, only to emerge stronger and more competent.

The Board, through its engagement with the management will guide our Company in recalibrating its growth strategy to address challenges and to make use of the new opportunities. On behalf of the Board, we seek support from each and every stakeholder to bring prosperity to one and all.

Before I conclude, I wish to thank all my Board Members, regulatory authorities, our management and employees and the entire stakeholder fraternity for their guidance and support.

Regards,

Gautam M. Jain

Chairman

MANAGEMENT Discussion & Analysis

Know Us Better

METROGlobal Limited: A COMPANY DETERMINED TO CREATE AND DELIVER MAXIMAL VALUE FOR ITS STAKEHOLDERS.

The core objective of our business has always been towards driving value-addition through diversification. Our strong resolve and relentless appetite for growth is reflected in our journey.

From being a pioneer - one of the largest manufacturers and exporters of Textile Dyes and Dye Intermediates (as erstwhile Metrochem Industries Limited), and a paper product manufacturer (as erstwhile Global Boards Limited) to trading and real estate engagements – the journey of MetroGlobal Limited has been nothing less than interesting.

After having commenced their journey more than 4 decades ago, Metrochem's Promoters, have gained rich experience in the chemicals' space. Having established itself as a top exporter, one of the main businesses was divested to a Fortune 500 MNC in 2009. Subsequently, in 2011, Metrochem Industries Limited amalgamated with Global Boards Limited, through a reverse merger.

In 2011, using the proceeds from the divestment, we started our journey in the trading space. The Company's name and identity may have changed, but what has not changed, is the strong values that we have ingrained and carried forward. A culture of creating value and maximising it for the benefit of all our stakeholders. Ably supported by an expertise in the chemicals' space, right manufacturing background right financial acumen (reflecting through an exemplary track record through the various initiatives that we have undertaken) and our distribution strengths, we have come a long way to match our business purpose.

At MetroGlobal, we have always created value for our stakeholders through integrity and ethical behaviour, delivering the highest quality through compliance and best practices, believing in mutual respect and team work – all of which are the core tenets of our value system.



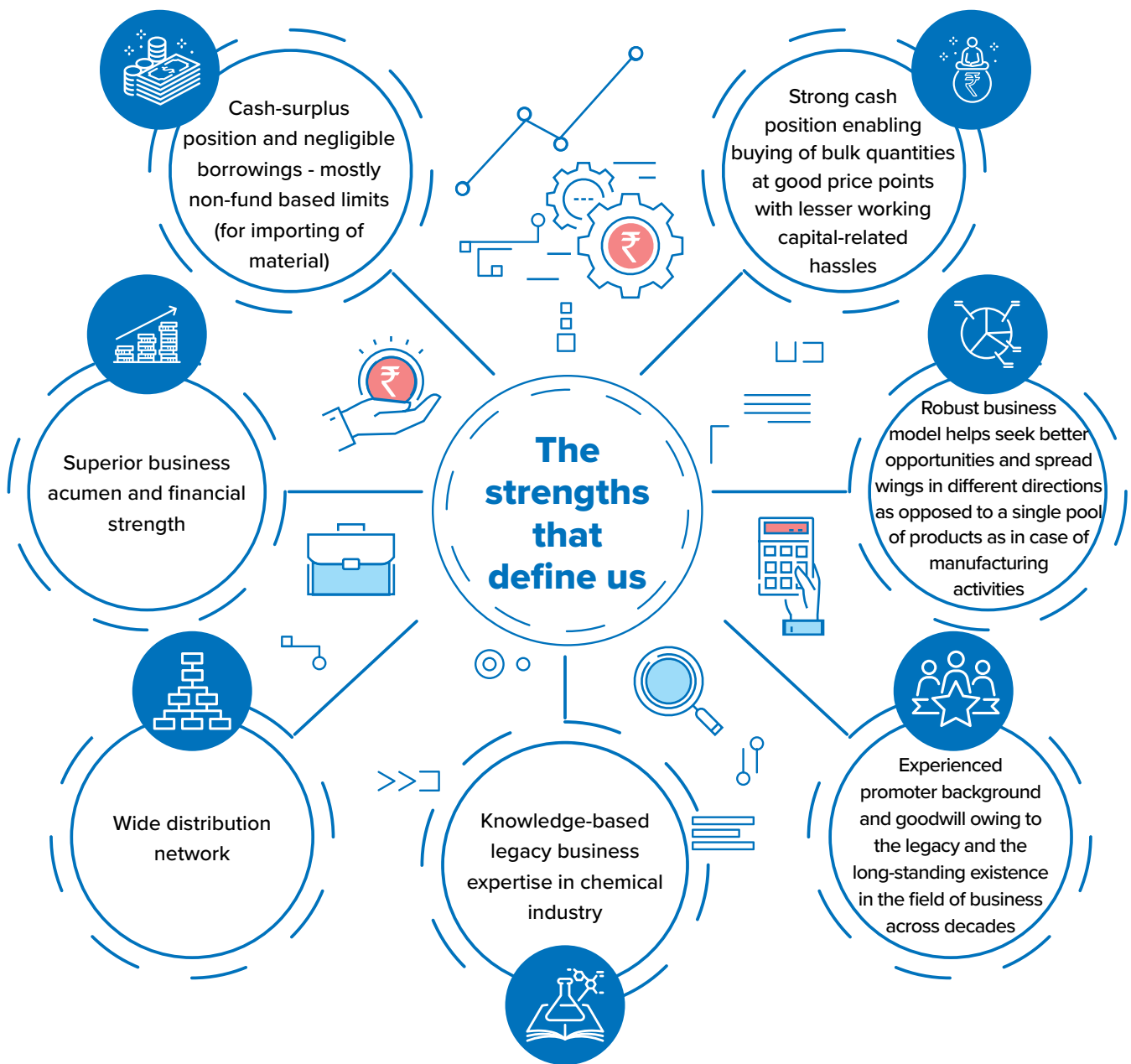
Vision

It envisions establishment and enhancement of business leadership by serving customers worldwide with quality products and services.



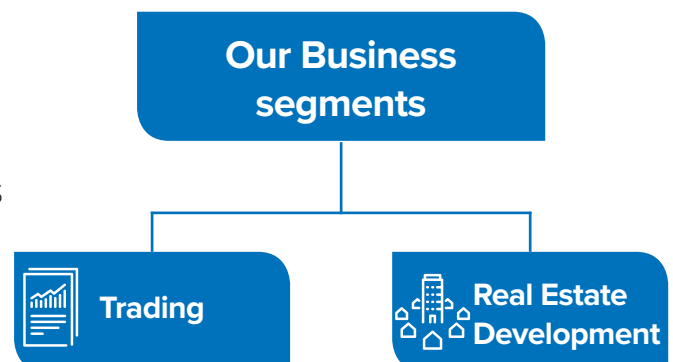
Mission

MetroGlobal assumes responsibility for environmental protection, innovation, result-orientation and improved quality of life for its shareholders.



Headquartered in the city of Ahmedabad, we have two broad business segments -

Trading of Chemicals, Textiles, Minerals and Ores, Metals, Precious Metals, Plastics, and **Realty and Infrastructure Development**.



Trading

By definition, a trading Company generally refers to a B2B company, having interests in a particular category of goods or multiple categories of goods, with a strong logistics support. The trading companies understand customer service and mindset better than the manufacturing companies, along with benefits of strong distribution strength, better financial back-ups and increased support & flexibility for the customers by fulfilling their smaller order requirements.

We have been constantly exploring trading and financing opportunities to utilise our strong financial and distribution robustness. Using our long-standing relationships with multiple factories, we import quantities in bulk from various countries and even domestically, for it to be locally distributed to multiple customers with smaller requirements.

Our trading portfolio encompasses the following product categories:

Chemicals:



We trade across a variety of chemicals, including basic, specialty, dyes and dye intermediates, solvents and bulk chemicals. Our business model incorporates importing

these chemicals in bulk from various countries and locally distributing it to multiple customers with smaller requirements. Thereby, effectively putting our financial strengths and distribution capabilities to good use.

Textiles:



We trade in grey fabric along with other specialty fabrics that undergo processing. In this segment, the procurement of raw materials and distribution is carried out to mill owners domestically.

Minerals and Ores:



Chrome Ore is one of the key products that we import from South Africa and the US for local distribution in India.

Metals:



We deal in both, ferrous as well as non-ferrous metals. Being an opportunity-seeking player, we supply a high quantity of metals to processing as well as scrap units for them to process it into different value-added products for it to be sold to the end-user industries.

Precious Metals:



We deal in various businesses and transactions pertaining to purchase and sale of precious metals including silver and gold, none of which are speculative in nature.

Plastics:



As a Company, we have been importing plastic granules from the Middle East and have also been procuring some amounts domestically. However, there was no trading carried out on this in the previous year.

Real Estate Development



With our trading activities bringing in steady cash flows, and after having developed a good clientele in the trading space, we decided to diversify into the field of Real Estate in 2011.

We commenced the business with development of real estate projects through partnerships with good developers involved in prime-time residential projects within the city of Ahmedabad only. Gradually, we started moving to other projects including commercial and industrial properties across the state of Gujarat. Most of our projects are executed under the SPV route, which offers the advantage of flexibility in structuring.

Currently, our projects are being executed through the SPV route at the following locations, are under various stages of implementation:

1. DK Metro Procon Private Limited

- Development of an Industrial Estate at a prime location in Chatral
- Selling industrial plots and sheds, godowns, offices and shops

2. Dual Metals Private Limited

- Developing a commercial building in Ahmedabad, 'Kalpvruksh'

3. Myspace Infracon LLP

- Selling plots to other industries in the industrial belt of Ankleshwar, through a partnership model

4. Ganesh Infrastructure, Keshavji Developers and PMZ Developers

- Multiple projects developed across 200,000 square meters of land in Ankleshwar
- Mini-townships covering residential buildings, row houses, commercial complexes and shopping malls.

Business Drivers

We will continue identifying cross-sectoral opportunities for trading and finance. Alongside, we have also been pursuing greenfield projects or acquisition of existing projects in the field of manufacturing.

We strongly believe, the months to come, despite the current COVID-19 pandemic-related issues, will bring along ample opportunities. However, looking at the near-term prospects, we believe that the opportunity landscape will benefit companies like ours with a strong cash war chest. Several fundamentally strong businesses are facing problems on account of the current crisis. Acknowledging the prevalent situation, we are open to the possibilities of acquisition of good businesses, even which may have minor financial restructuring requirements.

Economic Overview

After experiencing a strong growth in CY 2017 and early CY 2018, the global economic activity slowed down notably in CY 2019. As per the IMF, the global GDP growth for CY 2019 was pegged at 2.9%, as against the initial projections of 3.3%. This contraction can be accredited to a number of factors that affected all the major economies. China witnessed a decline in growth, mainly due to regulatory tightening and the seemingly deadlock of the trade tensions with the United States. The conditions, however, started easing out once the US Federal Reserve was seen adopting

a more accommodative monetary policy stance. Markets started looking more buoyant and optimistic post the US-China trade deal to defuse their trade war at the end of the year. However, fresh tensions are becoming worrisome.

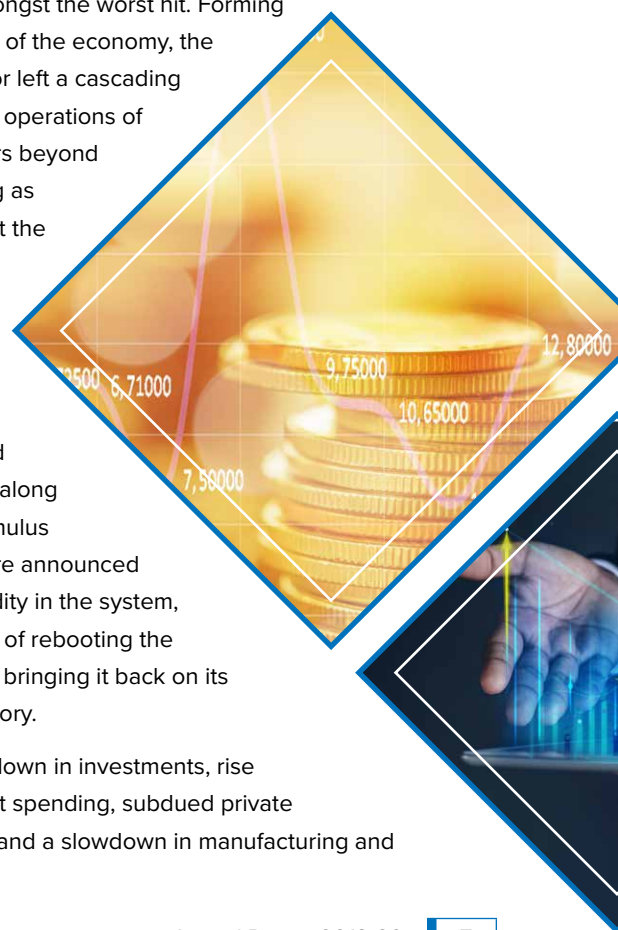
Taking into consideration, the broad-based impact of the COVID-19 pandemic, the IMF, which had earlier forecasted a moderate growth of 3.3% for the global economy in CY 2020, expressed a shrinkage possibility of 4.9% in a report released in June 2020 – leading to a global recession this year.

Production and trading activities were stalled, supply chain and markets were disrupted, people were getting retrenched and financial markets had turned volatile on account of the pandemic. Consequently, a broad-based negative impact is expected to prevail, majorly on account of lockdowns, business shutdowns, social-distancing, and travel restrictions.

The Indian economy was no exception. A series of lockdowns implemented by the Government to arrest the spread of the virus, brought economic activities to a standstill. The fallout forced the companies across industries to find unique ways of navigating through these uncertain times.

The manufacturing sector contributing ~20% to the Indian GDP, was amongst the worst hit. Forming the backbone of the economy, the logistics sector left a cascading impact on the operations of various sectors beyond manufacturing as well. To restart the economy, the Government eventually, uplifted lockdowns in a staggered manner. This, along with fiscal stimulus packages were announced to boost liquidity in the system, with the hope of rebooting the economy and bringing it back on its growth trajectory.

A sharp slowdown in investments, rise in government spending, subdued private consumption and a slowdown in manufacturing and



construction sectors in 2019-20, already led to a lower GDP growth rate of 4.2% in 2019-20. This was much lower than the 6.1% figure registered in 2018-19. The impact was even more pronounced because of the spread of the virus towards the end of the fiscal.

The slowdown continued in much part of Q1 2020-21 as well. As per an E&Y Report on Economy, published in July 2020, the industrial sector, as per Index of Industrial Production (IIP), contracted by 34.7% in May 2020, as compared to 57.6% contraction in April 2020.

According to the World Bank, the current pandemic has magnified pre-existing risks to India's outlook. The World Bank and Rating Agencies also significantly revised India's growth downwards, for 2020-21. The estimation corresponds the lowest figures India has seen in three decades since its economic liberalisation in the 1990s.

Industry Structure and Developments

Chemicals

In the weeks following India's lockdown, to contain the spread of COVID-19, the Chemical Sector witnessed considerable short-term volatility. However, it is well positioned to benefit in the near term, given the decline in prices of key feedstock, supply chain concerns triggered by environmental issues, trade protectionist measures and COVID-19-related manufacturing shifts from China.

With a size of US\$ 163 Billion, and a contribution of about 5.9% to the country's GDP, India's Chemical sector is the 6th largest in the world (Source: BDA Partners Report, May 2020). It has witnessed strong growth momentum over the last couple of years. Even before COVID-19, global chemical manufacturing operations had already started looking at India as a destination of choice for players wanting to diversify their sourcing avenues from China and other countries. This is only likely to continue, as more companies evaluate alternative supply chain solutions.

Textiles

India's Textile and Apparel industry is second highest employment generator after Agriculture and employs around 45 Million workers directly and another 60 Million indirectly across the country. It is the world's second largest textile producer after China.

The demand for textile products abroad and domestic sales have come to a grinding halt due to the panic created by

the COVID-19 outbreak. It has disturbed the demand-supply situation of the industry. Owing to the lockdown, majority of textile units were closed along with a huge migration of labour force. The businesses are currently facing issues on account of cancellation of export orders, currency fluctuations, liquidity crunch, deferred shipments, supply chain disturbances and other logistic issues, and inventory pile-ups leading to increase working capital, among others. Even after lockdown is gradually lifted, and things return to normalcy, the demand is likely to remain subdued for some time. This is largely owing to lower footfalls in malls and retail stores as public will avoid visiting crowded markets as mentioned in a rating note from CARE.

According to the recent survey by International Textile Manufacturers Federation (ITMF), there has been a decline of 8% of orders worldwide on an average and expected turnover this calendar year is expected to be down by nearly 10% over the 2019 figures. The industry may take much longer to recover after the lockdown.

Many global companies would shift buying from China to other countries including India. As food and clothing are the primary needs, it will continue to remain key household purchases, giving a ray of hope for the industry.

Metals

Ferrous

The demand for the ferrous metals segment is derived from the finished steel and infrastructure demands.

The domestic finished steel products industry had slowed down even before the COVID-19 pandemic came to the fore, on account of a flagging auto demand and shrinking government spends and some international headwinds. However, with some recovery in the last quarter of 2019-20, the beginning of 2020-21 is still expected to have had a subdued start. The demand erosion on account of the various lockdowns that were imposed,

